

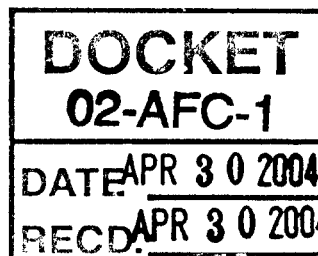
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April 30, 2004

Ms. Raquel Rodriguez
California Energy Commission
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512



Attorneys

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Scott A. Galati
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OFFICES ALSO IN
GLENDALE, CA

Re: Docket No. 02-AFC-1

Dear Ms. Epps:

Enclosed for filing with the California Energy Commission are one original and 12 (Twelve) copies of the **Applicant's Status Report, for the Blythe Energy Project Phase II (02-AFC-1)**.

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott A. Galati".

Scott A. Galati
Counsel to
Caithness Blythe II, LLC

SAG/cp
Enclosures

...Blythe\Cover Docket 04-30-04

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STATE OF CALIFORNIA

Energy Resources
Conservation and Development Commission

In the Matter of:

Blythe Energy Project Phase II

DOCKET NO. 02-AFC-1

**CAITHNESS BLYTHE II, LLC
STATUS REPORT**

INTRODUCTION

Caithness Blythe II, LLC (CB II), the owner of the Blythe Energy Project Phase II (BEP II) files this Status Report to correct inaccuracies contained in the Staff Status Report dated March 23, 2004. Contrary to Staff's assertions, CB II has made considerable progress in obtaining the information necessary for Staff to produce its Final Staff Assessment (FSA).

PROJECT DESCRIPTION

Staff has asserted the BEP II interconnection still remains a mystery. As asserted at the Status Conference Hearing in January 2004, BEP II will interconnect at the Buck Boulevard Substation in the manner contained in the BART Study. The Presiding Member of the Committee gave clear direction to CB II and to Staff to work on a Condition of Certification ensuring BEP II would not deliver power to the transmission grid unless the regional transmission upgrades were sufficiently completed to allow BEP II's full output. Until these regional transmission upgrades were completed, BEP II will be restricted from delivering its full output. CB II wrote such a condition and emailed it to Staff on January 28, 2004. CB II has received no comment on the proposed condition

from Staff. Instead, Staff is disregarding the direction provided by the Committee and continues to seek further study information beyond that necessary to ensure the transmission system will not adversely affected by the Project.

However, to accommodate Staff's request for a complete Project Description with all components described in one document, we have incorporated the information contained in our supplemental filings into one Project Description, which was docketed with the CEC on April 21, 2004.

AIR QUALITY

Mojave Desert Air Quality Management District (MDAQMD) has not yet issued its Final Determination of Compliance (FDOC). CB II provided supplemental information regarding startup emissions, inlet chiller cooling tower, lower NOx and CO levels to the MDAQMD on March 4, 2004. CB II expects the FDOC to be issued in the next week or two.

BIOLOGY

The City of Blythe completed its PRC process review on March 23, 2004. The result was a series of conditions required by BEP II. None of the requirements include any work to be performed outside the fenceline¹ of the area to be occupied by the BEP II. Chris Otahal from the United States Fish and Wildlife Service (USFWS) has been notified and sent a copy of the PRC conditions for review. Since the PRC conditions confirm no BEP II activities are required outside the existing fenceline, CB II anticipates the USFWS will be able to write a letter confirming no formal Biological Opinion will be required.

¹ The permanent fence has already been constructed around the area to be occupied by BEP II as part of the BEP fill placement in accordance with the Blythe IB License Amendment. The permanent "tortoise-proof" fence was constructed under appropriate biological monitoring in accordance with the BEP conditions of certification.

CULTURAL RESOURCES

As described above, the PRC process has been concluded and no outside the fenceline work will be required of BEP II. Therefore, Staff needs no additional information to complete its Cultural Resources section of the FSA.

LAND USE

The City of Blythe issued the height variance on March 8, 2004. A copy was provided to the CEC with the PSA comments for docketing on April 23, 2004.

CB II has been working with the City of Blythe to schedule the City Council meeting to override the Airport Land Use Commission (ALUC) determination of inconsistency within the next 30 days. CB II has submitted a set of proposed conditions for City consideration, which incorporates the recommendations by CalTrans Aeronautics in its recent letter dated March 24, 2004. CB II anticipates that the City of Blythe will impose these or similar conditions as part of the override process.

TRAFFIC AND TRANSPORTATION

The City of Blythe provided a letter to the CEC regarding the heavy haul route on March 22, 2004. This letter should provide Staff with all of the information necessary to complete its Traffic and Transportation section of the FSA

SOIL AND WATER RESOURCES

A revised Waste Discharge Permit application was submitted to the California Regional Water Quality Control Board, Colorado River Basin Region, (Regional Board) on February 22, 2004. CB II received minor comments from the Regional Board on March 19, 2004 and responded with a supplemental filing on March 26, 2004. The Regional Board accepted the revised application as complete on April 21, 2004. A letter from the Regional Board containing its completeness determination was submitted to CEC for docketing on April 22, 2004.

The Committee (since BEP) has been keenly interested in assisting the people of Mesa Verde to obtain a reliable water source. To that end, CB II has assisted the City of Blythe establish a funding mechanism for the provision of City water to the community of Mesa Verde. CB II has funded a preliminary engineering analysis² that outlines the cost of providing Mesa Verde with City potable water. CB II has also participated in various meetings to create a viable bond structured financing for the redevelopment agency to carry out this and other projects that would directly benefit the community of Mesa Verde.

WORKER SAFETY AND FIRE PROTECTION

The City of Blythe engaged a consultant to perform a fire needs assessment for BEP II on February 10, 2004. The fire needs assessment is expected to be completed in May 2004.

TRANSMISSION SYSTEM ENGINEERING

Stability and Short Circuit Studies

CB II has contracted with General Electric to complete the system stability and short circuit studies for BEP II. The study was completed with coordination with those transmission owners that participated in the BART Study. A meeting was held on April 8, 2004 to review the Draft Study Results with the CEC and other stakeholders including the California Independent System Operator (CalISO). GE completed the studies on April 15, 2004 and copies were distributed directly to the CEC Transmission Staff.

Plan View of Buck Boulevard Substation and Integration Switchyard

The Western Interconnection Request was forwarded to CEC Staff on more than one occasion, most recently on April 7, 2004 and contains the Plan view of the Buck Boulevard Substation, the plan view of the integration switchyard, and plan view of the interconnection transmission lines. In addition the description of

² Mesa Verde/ Blythe Airport Water Systems Expansion Preliminary Engineering Report, dated February 2004.

these facilities were added to the revised Project Description, which was docketed with the CEC.

Verification of Mitigation Measures For Criteria Violations

CEC Staff, CB II and transmission stakeholders met on April 8, 2004 to obtain consensus on the verification of the mitigation measures for criteria violations in accordance with the BART studies. The result of that meeting was a request for written confirmation that the mitigation measures contained in the BART Executive Summary, as modified at the workshop satisfied the various stakeholders. The attached memorandum summarizes the discussions at the April 8, 2004 meeting. The attached memorandum has been emailed to the participants for confirmation that consensus was reached concerning the mitigation measures.

Devers Import Nomogram

It was agreed at the April 8, 2004 meeting that since there is an existing CallSO approved nomogram in place that can be used for the BEP II, Staff can rely on it and therefore does not require an additional nomogram to be submitted by CB II. The CallSO approved nomogram is entitled, ***East of River/Southern California Import Nomogram T-103 Version 6.1***, dated February 6, 2004.

Western Interconnection and Environmental Studies

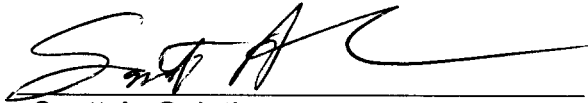
CB II has a valid and accepted interconnection request on file with Western, and is in compliance with the Western OATT. All of the required work with Western is to be completed inside the existing Buck Boulevard Substation. Expansion of the Buck Boulevard facilities will occur inside the fenceline and was contemplated when BEP was licensed. No additional environmental studies are required for work to be performed inside the fenceline as part of the CB II interconnection request with Western. The CEC has repeatedly asserted jurisdiction for environmental review of the activities within the Buck Boulevard Substation.

CalISO and other Stakeholders

In light of the April 8, 2004 meeting, CB II believes the CEC Staff has all it needs to complete its transmission system engineering section of the FSA. CB II also submitted the following proposed condition of certification and awaits a response from Staff. We believe that the condition addresses all transmission concerns by ensuring that the necessary transmission upgrades, which will be constructed by others are in place for BEP II.

TSE- ____ The Project Owner shall not commence construction until the Desert Southwest Transmission Project (or an equivalent transmission upgrade as determined by the CPM) has received all necessary permits. The Project Owner shall not deliver to the grid more than ____ megawatts combined from BEP and BEP II until the Desert Southwest Transmission Project (or an equivalent transmission upgrade as determined by the CPM) has been constructed and is in operation.

Dated, April 30, 2004

A handwritten signature in black ink, appearing to read 'Scott A. Galati', written over a horizontal line.

Scott A. Galati
Galati & Blek, LLP
Counsel to Caithness Blythe II, LLC

STATE OF CALIFORNIA
Energy Resources Conservation
and Development Commission

In the Matter of:

Docket No. 02-AFC-1

Application for Certification for the
BLYTHE ENERGY PROJECT PHASE II

PROOF OF SERVICE

I, Carole Phelps, declare that on April 30, 2004, I deposited copies of the **Applicant's Status Report, for the Blythe Energy Project Phase II (02-AFC-1)** in the United States mail at Sacramento, California with first class postage thereon fully prepaid and addressed to the following:

Send the original signed document plus
the required 12 copies to:

DOCKET UNIT

California Energy Commission
Docket Unit, MS-4
Attn: Docket No. 02-AFC-1
1516 Ninth Street
Sacramento, CA 95814-5512

Also send copies of documents to:

APPLICANT

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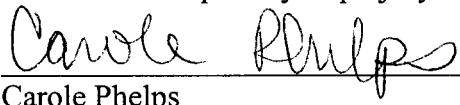
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Charles Hull, Assistant Manager
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I declare under penalty of perjury that the foregoing is true and correct.



Carole Phelps

DOCKET	
02-AFC-1	
Date:	APR 30 2004
Recd.	APR 30 2004

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